

Department of Health and Human Services
**Medicaid Management
Information System**

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FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Agenda

- IT Projects
- Medicaid Management Information System (MMIS)
- MMIS in North Carolina
- Project Management
- Issues
- Questions

Successful IT Projects

- Adhered to schedule
- Resisted changes to the project's scope
- Broke the project into discrete modules
- Assembled the right team, including IT experts from their organization, outside experts, and vendors
- Prevented turnover among team members
- Framed the initiative as a business endeavor, not a technical one
- Focused on a single target, readiness to go live, measuring every activity against it

Harvard Business Review, September 2011, Flyvbjerg and Budzier

What is a Medicaid Management Information System (MMIS)?

- The MMIS is an integrated group of procedures and computer processing operations (subsystems) developed at the general design level to meet principal objectives.
- The objectives of this system and its enhancements include:
 - Program control and administrative costs
 - Service to recipients, providers and inquiries
 - Operations of claims control and computer capabilities
 - Management reporting for planning and control.

Centers for Medicare and Medicaid Services

MMIS Implementation

- Systems generally viable for 10-15 years
- 48-60 months for implementation
- Generally largest IT project in state
- Expensive to develop
- Limited number of vendors
- Fiscal agent, a private vendor, may operate the system for the state

MMIS History in North Carolina

- EDS won original MMIS contract
 - HP acquired EDS in 2008
 - HP continues to operate legacy system
- New contract awarded in April 2004
 - Project managed by Office of MMIS Services (OMMISS)
 - ACS selected
 - Planned completion date of June 2006 slipped into 2007
 - In May 2006, State CIO notified DHHS that project would be suspended if issues were not resolved
 - DHHS terminated contract in July 2006
 - ACS and State settled in 2007

MMIS History in North Carolina

- Second new contract
 - Awarded to CSC in December 2008
 - Schedule
 - Initial go-live date was August 22, 2011
 - CSC proposed an October 1, 2012 go-live date
 - Current go-live date is June 1, 2013
 - Numerous Changes
 - Cost
 - Original = \$265.2 million*
 - Current = \$494.9 million*

*Office of the State Auditor, Performance Audit, DHHS-OMMISS
Replacement MMIS Implementation, January 2012

Office of the State Auditor MMIS Audit

- Completed 22 months late
- Overall costs exceed estimates by \$320.3 million
 - Schedule delays
 - Vendor anticipated using 73% of code from NY system; 32% actually usable
 - Higher than expected vendor staff turnover
 - Length of time required to review and approve project designs and deliverable exceeded budgeted amount
 - Federal and State mandates
 - Two additional years of operation

Office of the State Auditor MMIS Audit

- DHHS/OMMISS did not fully document how it determined the amount of damages for which vendor was responsible
 - Contract did not define:
 - How responsibility for delays would be determined
 - How damages would be calculated
 - Necessary to negotiate damage assessment with vendor
 - Agreement four months vendor responsibility
 - \$10 million in damages
 - Contract amended so that neither party can obtain additional damages
- Office did not timely identify about \$30.4 million in unauthorized changes
 - Not aware of some changes for more than a year
 - Paid \$15 million for changes accepted

MMIS Funds/Implementation of MMIS (Section 10.29)

- DHHS
 - Provide detailed cost information by August 1, 2011
 - Utilize prior year earned revenue/overrealized receipts/funds with reporting requirements
 - Expedite implementation of enhancements
 - Engage private counsel for amendments in excess of \$10,000,000
 - Develop revised project schedule by August 1, 2011

S.L. 2011-145

MMIS Funds/Implementation of MMIS (Section 10.29)

- DHHS (continued)
 - Make quarterly progress reports beginning July 1, 2011
 - Submit reports on:
 - Reporting and Analytics Project
 - Division of Health Services Regulation Project

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MMIS Funds/Implementation of MMIS (Section 10.29)

- State Chief Information Officer
 - Ensure timely and effective implementation of project
 - Ensure project meets all State requirements for project management and immediately report any failures
 - Report immediately if any MMIS project goes “red” in the project portfolio management tool

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SCIO SB 991 Responsibilities

- Project review and approval
- Suspension of approval
- Performance contracting
 - Monetary penalties for projects not completed within specified time period or over cost
 - Performance bond
- Project manager review and approval
- Project management assistant designation

Issues

- Timeline for Completion
- Legacy System
 - Contract
 - Differences in adjudication of claims
- Role of OMMISS
 - Role after MMIS implementation
 - Funding
 - Transition plan

Questions

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